

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OLDHAM COUNTY WATER)	
DISTRICT NO. 1 FOR AUTHORIZATION TO)	CASE NO. 95-487
TRANSFER ASSETS TO THE LOUISVILLE WATER)	
COMPANY)	

O R D E R

Oldham County Water District No. 1 ("Oldham District") has applied for approval to transfer its assets to the Louisville Water Company ("LWC").

Having considered the application and being otherwise sufficiently advised, the Commission finds that:

1. Oldham District operates a water distribution system which serves approximately 3,250 residential, commercial and industrial customers in southern Oldham County, Kentucky.

2. Oldham District has leased its water distribution system to the LWC since 1964 pursuant to a lease agreement approved by the Commission in Case No. 4407¹ and LWC has maintained and operated the system and has supplied water to the system since then.

3. Oldham District has agreed to transfer its water distribution system and other assets to the Louisville Water Company for valuable consideration.

¹ Case No. 4407, The Application of Oldham County Water District No. 1 for: (1) A Certificate of Public Convenience and Necessity; (2) Order Authorizing Issuance of Bonds; and (3) Order Authorizing Rate Tariff

4. LWC has been in existence and providing continuous operations for over 100 years.

5. The city of Louisville is the owner of LWC.

6. LWC currently provides water service to approximately 227,632 residential, commercial, industrial, and other account customers in Jefferson, Oldham, and Bullitt counties.

7. LWC has two water treatment plants operated by persons certified as operators of a Class IVA water treatment plant as set out in 401 KAR 8:030, Section 8(2)(g).

8. LWC has approximately 2,892 miles of transmission and distribution mains and significant storage capacity for treated water. These facilities are operated by persons certified as operators of a Class IVD water distribution system as set out in 401 KAR 8:030, Section 8(3)(d).

9. LWC pumped an average of 127 million gallons of water per day in 1994.

10. An independent firm inspected LWC's facilities in 1995 and reported that these facilities "are adequately maintained and are in sound operating condition."

11. As of December 31, 1994, LWC had total utility plant of \$316,624,688.

12. As of December 31, 1994, LWC had total assets of \$383,206,353.

13. As of December 31, 1994, LWC had total equity capital of \$173,680,881 and other liabilities and credits of \$184,950,500.

14. LWC has the financial, managerial, and technical abilities to provide reasonable utility service to Oldham District's current customers.

15. The proposed transfer is conditioned in part upon the reserve balance at the time the transfer is approved being sufficient to fund the Immediate Needs projects identified in Exhibit C of the application.

16. The proposed transfer is further conditioned upon dismissal of Case No. 92-123,² which was initiated by the Commission to investigate the collection of tapping fees and a customer surcharge.

17. Inasmuch as the transfer is approved herein, the Commission finds both conditions to be reasonable; Case No. 92-123 should be dismissed by separate order. The surcharge collections should cease effective with bills for service rendered on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. The transfer of Oldham District's water distribution system and other assets to LWC pursuant to the terms of the October 19, 1995 Water Distribution System Transfer Agreement is approved.

² Case No. 92-123, An Investigation Into the Reasonableness of Certain Rates Charged by Oldham County Water District No. 1. Dismissal of Case No. 90-228 is also listed as a condition of approving the transfer, however, that case was completed at the administrative level and the Commission's Order was affirmed in all respects. Thus Case No. 90-228 has never been re-opened and is not currently pending before the Commission.

2. The customer surcharge collected monthly by Oldham District shall cease effective with customer billings for service rendered on and after the date of this Order.

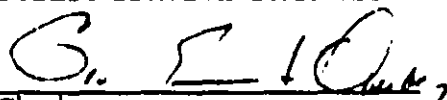
3. Within 10 days of the transfer of legal title of Oldham District's water distribution system to LWC, Oldham District shall notify the Commission of that event.

4. Until the transfer of ownership occurs, the Commission shall retain jurisdiction over Oldham District's water distribution system and Oldham District shall continue to comply with all Commission regulations, including those which require the timely filing of any information, notice, or reports.

5. Oldham District shall file an annual report of its operations for calendar year 1995 which reflects its operations up to closing of the transfer approved herein.

Done at Frankfort, Kentucky, this 17th day of November, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director